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FILED

FEB - 2 2009

DEPARTMENT OF REAL ESTATE



8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 TO:

12 KIMBALL HILL HOMES
13 CALIFORNIA, INC., a California
14 Corporation.

) No. H- 5151 SAC

) ORDER TO DESIST AND REFRAIN

) (B&P Code Section 11019)

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16 The Real Estate Commissioner ("Commissioner") of the State of California, has
17 caused an investigation to be made of your activities related to offering interests in a subdivision
18 which is subject to the legal requirement that a subdivision public report be obtained. Based
19 upon the findings of that investigation, as set forth below, the Commissioner has determined and
20 is of the opinion that KIMBALL HILL HOMES CALIFORNIA, INC., a California Corporation
21 (hereinafter "KIMBALL HILL"), violated Sections 11012 and 11018.2 of the Business and
22 Professions Code of the State of California (herein "the Code").

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24 KIMBALL HILL is the owner and/or subdivider and/or agent of the owner of
25 subdivided lands as defined in Sections 11000, 11003, and 11004.5 of the Code.

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Said subdivision is a multi-phased planned development known as or commonly called "Somerset", consisting of 169 lots and is located in or near the County of Sacramento, State of California (hereinafter "Subdivision").

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On approximately September 15, 2006, KIMBALL HILL applied to the California Department of Real Estate (herein "the Department") for a final public report authorizing KIMBALL HILL to offer for sale, negotiate the sale and sell lots in phase 1 identified as lots 1 through 13, 37 through 61 and 88 through 93 (totaling 44 lots) in addition to common areas consisting of lots B, D, H, J, K, Q, R and S within the Subdivision.

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On approximately August 9, 2007, in reliance upon the representations and assurances set forth in the application described in Paragraph 3, above, the Department issued to KIMBALL HILL a Final Subdivision Public Report, File No. 127794SA-F00 (hereinafter "original final public report"), authorizing KIMBALL HILL to offer for sale, negotiate the sale and sell the lots identified in Paragraph 3, above.

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On approximately November 12, 2007, without first obtaining a public report authorizing such offering, negotiation, or sale, KIMBALL HILL entered into a contract to sell lot 33 to John and Victoria Gillmette in violation of Section 11018.2.

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On approximately January 3, 2008, the Department issued an Amended Final Subdivision Public Report - Planned Development, File No. 127794SA-A01 (hereinafter "amended final public report"). The amended final public report replaced the original final public report and only authorized KIMBALL HILL to offer for sale, negotiate the sale and sell lots 2 through 13 in the Subdivision.

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Between approximately February 23, 2008 and September 5, 2008, KIMBALL HILL solicited prospective purchasers, offered for sale, and entered into contracts on lots in the Subdivision including but not limited to:

Lot	Purchaser(s)	Reservation/Contract Date
14	Salvatore and Brooke Davide	6/17/08
15	Luis and Shabreen Quintanilla	6/16/08
16	Anthony Johnson and Angelinque Lockhart	6/8/08
20	Kelli Espinoza	6/8/08
21	Benjamin Banahene	8/29/08
22	Thomas Harris and Roberta Lepird	7/28/08
23	Chung Yip	8/18/08
25	Lois Skidmore and Karen Mager	7/26/08
26	Frank and Karla Fancett	7/13/08
28	James Trang	7/11/08
30	Melissa Reichard	6/18/08
31	Taloria Young-Richards	6/25/08
34	Travis Hunter and Ashley Boruff	6/10/08
35	Joseph Van Houten and Elizabeth Mariscal	8/22/08
36	Venessa Uclaray, Paul and Erlinda Fortes	6/2/08
37	Daniel Garcia, Julian Garcia and Maria Garcia	3/20/08
38	Tiana Uhl	8/28/08

39	Tina Thi	6/3/08
41	Estate and Rodolfo Yambot	8/27/08
42	Valerie Oseki	5/31/08
43	Stephen Williams	5/17/08
160	Victor and Jeanette Ramos	8/22/08
162	David and Heather Haworth	9/5/08
164	Samuel Mahan	7/8/08

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At no time mentioned herein did there exist any conditional public report or final public report issued by the Department authorizing any person to offer for sale, negotiate the sale or sell the lots listed in Paragraph 7, above. Said sales were conducted in violation of Section 11018.2 of the Code.

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On approximately September 8, 2008, KIMBALL HILL submitted a Public Report Amendment/Renewal Application (hereinafter "application #3") to the Department to amend the amended final public report previously issued to KIMBALL HILL on approximately January 3, 2008 as identified in Paragraph 6, above. By this application #3, KIMBALL HILL sought to reduce the number of lots offered in Phase 1 from 12 lots to 6 lots, covering Lots 2 through 7 only.

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Between approximately September 12, 2008 and October 11, 2008, KIMBALL HILL solicited prospective purchasers, offered for sale, accepted reservations and/or entered into contracts on lots in the Subdivision including but not limited to:

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Lot	Purchaser(s)	Reservation/Contract Date
18	Steven and Louise Karsten	10/1/08
48	Eyvonne Williams	10/11/08
165	Mahmoud Elsokary and Fawzia Mabrouk	10/10/08
166	Lisa Pulido	9/12/08
167	Brandon Johnson	10/6/08

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The transactions described in Paragraph 10, above, were conducted by KIMBALL HILL in violation of Section 11018.2 of the Code.

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In conducting sales in the Subdivision without first applying for and obtaining a public report authorizing such sales, as described above, KIMBALL HILL made a material change in the setup of the offering described in the public report applications described above, in violation of Section 11012 of the Code.

NOW, THEREFORE YOU, KIMBALL HILL HOMES CALIFORNIA, INC., ARE ORDERED TO DESIST AND REFRAIN from selling, offering for sale, soliciting purchasers, or negotiating for the sale of lots, units or parcels in said Subdivision until such time as you have:

1. Complied with Sections 11012 and 11018.2 of the Code;
2. Obtained a conditional public report authorizing you to contract to sell the subject lots in the Subdivision; and,
3. Submitted proof acceptable to the Commissioner demonstrating you have provided a copy of the public report and a reasonable opportunity for rescission to each person who purchased or contracted to purchase a lot in the Subdivision.

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DATED: 2-2-09

JEFF DAVI
Real Estate Commissioner



BY: Barbara J. Bigby
Chief Deputy Commissioner